



California Postsecondary Education Commission

770 L Street, Suite 1160 • Sacramento, California 95814

www.cpec.ca.gov • (916) 445-1000

FOR IMMEDIATE RELEASE

Contact

Sherri Orland

sorland@cpec.ca.gov • (916) 445-1000

Commission Considers Student Fees in “New Era”

SACRAMENTO — March 22, 2006 — The California Postsecondary Education Commission will be undertaking a reexamination of the State’s policy for setting and adjusting student fees beginning with a close look at its own historic position on this critical issue. Driven by budget shortfalls in the early 1990s and again in the early years of the current decade, fees for students attending the University of California, the California State University, and the California Community Colleges have increased dramatically.

“Like it or not we are in a new era when the promise of access and affordability envisioned in the State’s Master Plan for Higher Education is being eroded,” said CPEC Executive Director Murray J. Haberman. “College costs are now forcing even the neediest students to borrow while middle-income families are in danger of being priced out of our public higher education systems.”

Increases in student fees are only part of the affordability equation. Total costs of attendance, including room and board, transportation, books and other costs have contributed to educational “sticker shock” as students and families struggle. The other part of the equation often missing in the discussion of California’s student fee levels is the role of federal student aid. Federal aid is, by far, the greatest source for helping families finance postsecondary education. But the buying power of limited federal grant dollars continues to decline as college costs go up; and recently passed federal legislation will substantially increase the interest rates paid by those who borrow through these student loan programs.

“In many respects, the State is at a crossroads. Because of California’s reduction in support for public higher education over the past 30 years, the answer to maintaining quality in tight budget years has been to rely on the resources of students and their families,” said Haberman.

“Unfortunately we have reached the point where expected student and family contributions far exceed cash on hand. The only option is for students and their families to borrow.”

Historically, the Commission has endorsed a fee policy that seeks to ensure that any fee increase is “gradual, moderate and predictable,” with the State bearing the primary responsibility for funding higher education. However, moderate has been defined as up to 10% in annual increases

depending on the State’s fiscal situation. For example, with student fees at the University of California now in the \$7,000 range this could mean an increase of up to \$700 in a single year.

“UC and CSU certainly need the flexibility to raise fees when General Fund support for higher education declines,” said CPEC Board Chairman Howard Welinsky. “However, the State should be expected to devote a larger percent of its budget to educate its citizens at the highest levels. The alternative is to settle for second-class public university systems in California or force students to take on an intolerable debt load – something we must not do,” Welinsky said.

In 1975-76, higher education’s share of the State General Fund for the State’s universities rested at about 17 percent. Today, the state’s public universities see only about 11 percent of the General Fund revenues. At the same time, revenues from student fees have grown from \$132 million in 1975-76 to over \$2.6 billion in 2005-2006. (See graphic) Reliance on student fee revenue to finance higher education has occurred more by accident rather than design, and is the direct result of the “boom or bust” cycle in State revenues.

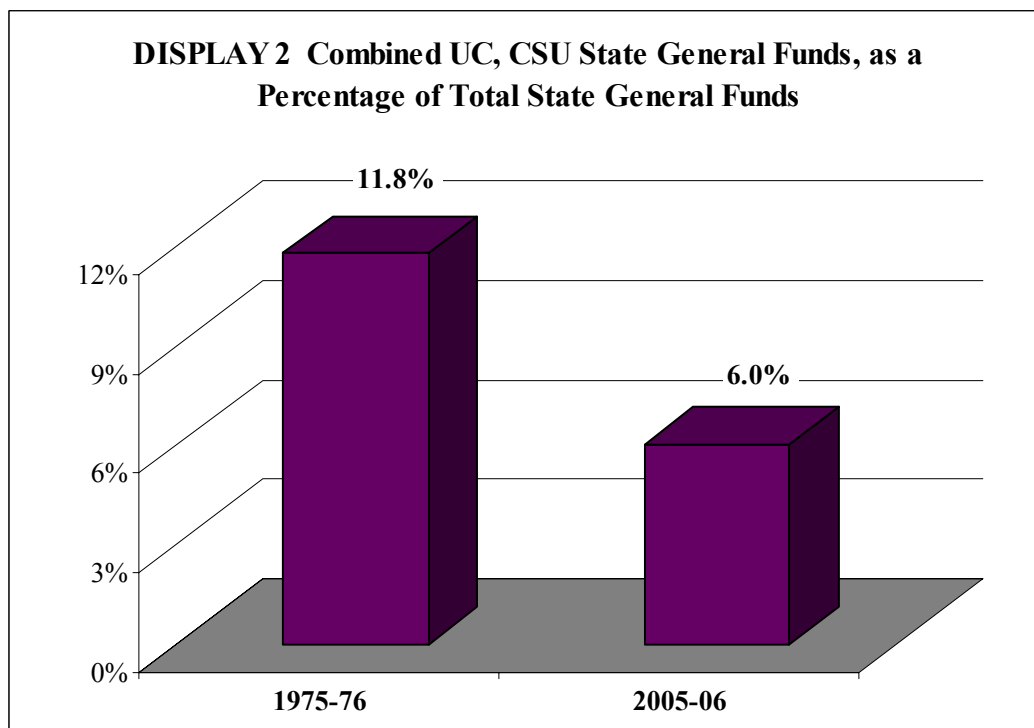
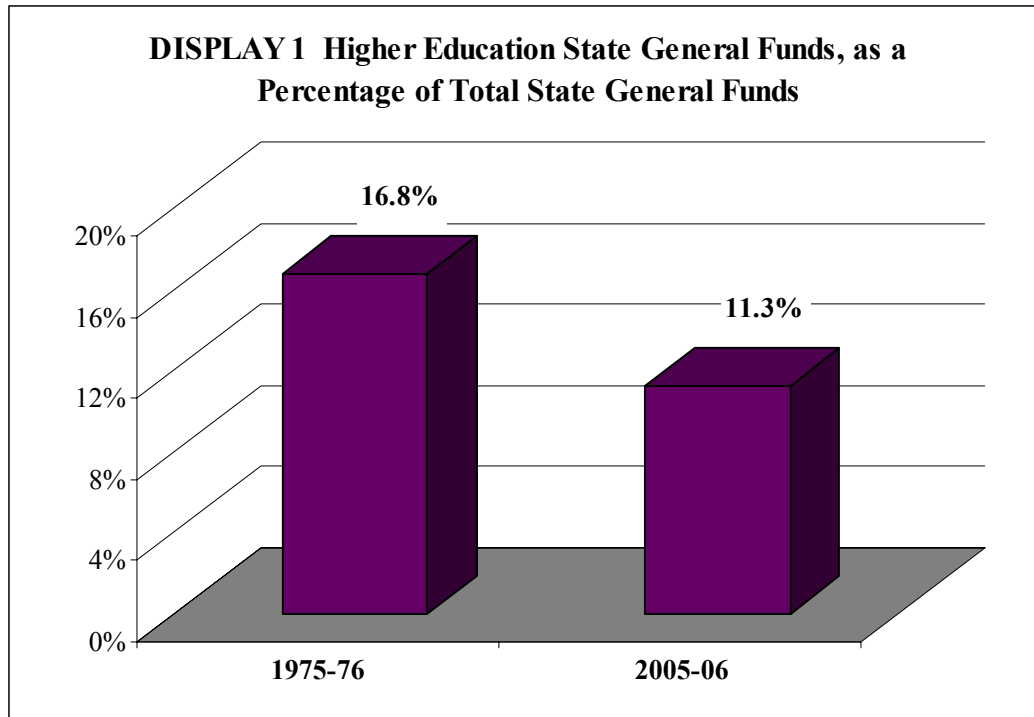
“Every party, including students, families, universities and lawmakers, has an interest in keeping public higher education affordable in California,” stated Haberman.” “But these same parties have an equal and legitimate interest in ensuring educational quality. We need to step back and reexamine how best to preserve the State’s promise of greater opportunity through the pathway of higher education.”

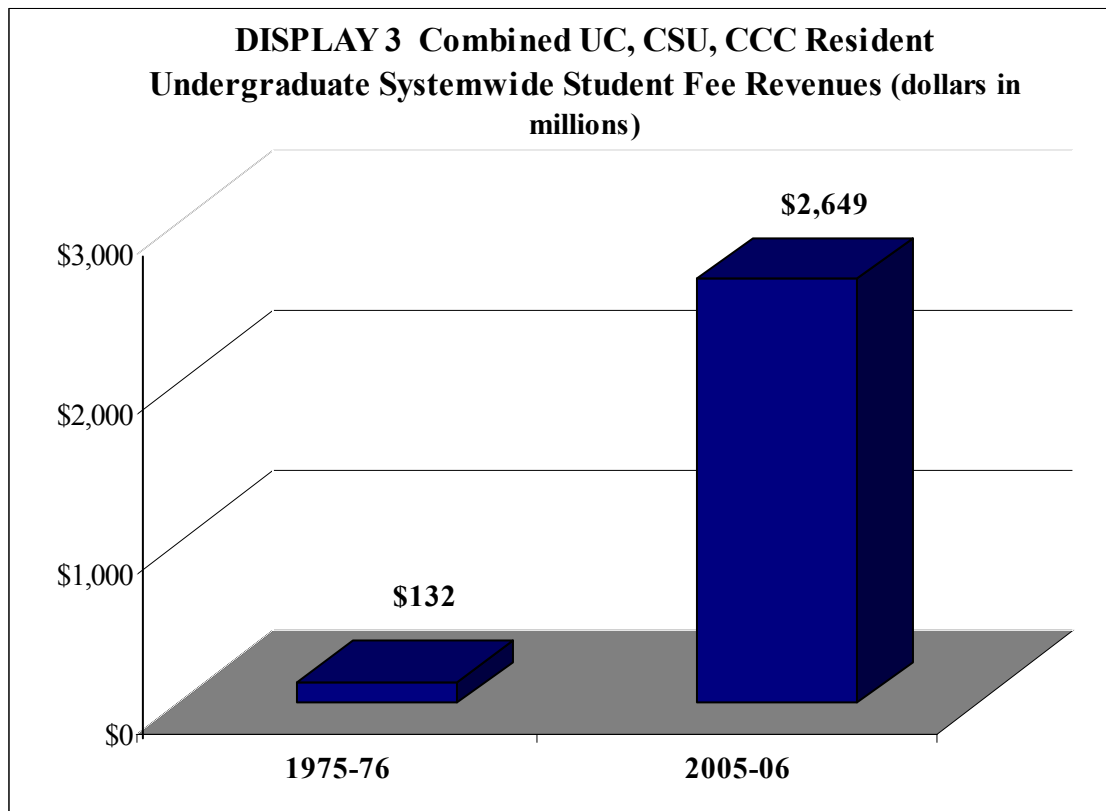
The Commission will be discussing a report that examines the student fee issue at its March 28-29, 2006, meeting. A link to the Commission’s report on student fees, along with accompanying fact sheets, can be found at: (http://www.cpec.ca.gov/Agendas/Agenda0603/Tab_03.pdf , <http://www.cpec.ca.gov/FactSheets/FactSheet2006/fs06-01.pdf> , and <http://www.cpec.ca.gov/FactSheets/FactSheet2006/fs06-02.pdf> .)

The California Postsecondary Education Commission advises the Governor and Legislature on higher education policy and fiscal issues. The Commission’s primary focus is to ensure that the state’s educational resources are used effectively to provide Californians with postsecondary education opportunities.



State Funding of California Public Higher Education, 1975-76 and 2005-06 (est.)





Mandatory Undergraduate Student Fee Levels in California's Public Higher Education Systems, Fiscal Years 1975-76 to 2005-06

<u>Year</u>	<u>UC</u>		<u>CSU</u>		<u>CCC</u>
	<u>SSF</u>	<u>Total</u>	<u>SSF</u>	<u>Total</u>	<u>Enrollment</u>
1975-76	\$600	\$647	\$144	\$94	--
1985-86	1,245	1,326	573	666	\$100
1995-96	3,799	4,139	1,584	1,891	390
2005-06	6,141	6,802	2,520	3,164	780

SSF: Resident undergraduate systemwide student fees

Total: SSF, plus systemwide averages of mandatory campus-based student fees.

Enrollment: Community Colleges' Statewide Enrollment Fee

Source: California Postsecondary Education Commission.

###